



Tennessee Valley Authority, PO Box 292409, OCP 1F, Nashville, Tennessee 37229-2409

May 10, 2012

Mr. James D. Nanney Jr.
Manager
Alcorn County Electric Power Association
Post Office Box 1590
Corinth, Mississippi 38835-1590

Dear Jim,

This letter is in regard to Alcorn County EPA (ACE) briefly disconnecting service on January 5, 2012, to its customer, Cynthia Wren, for failure to pay her power bill (originally due on November 23, 2011) notwithstanding two extensions ACE granted Ms. Wren to give her additional time to pay such bill prior to disconnection. Although Ms. Wren did not petition TVA to review this matter, I have undertaken a review as TVA's Director of Retail Regulatory Affairs because of concerns that have been raised that the disconnection could have adversely impacted a child with a serious medical condition.

After a review of the information ACE submitted to TVA at my request, as well as information that was provided earlier to TVA's field staff and to my staff, I am closing my regulatory file on this matter. I see nothing in ACE's brief disconnection of Ms. Wren's service which was inconsistent with the requirements of the TVA Power Contract and of the applicable TVA Service Practice Standard 4 "Procedures for Termination of Electric Service" 44 Fed. Reg. 55679, 55682 (hereinafter "Standard 4").

Moreover, the disconnection was carried out in accordance with ACE's disconnection policy adopted in accordance with, and meeting the requirements of, said Standard 4. Deviation from ACE's duly adopted policy could have potentially resulted in discrimination that would be a violation of ACE's obligations to TVA under subsection (a) of section 5 of the TVA Power Contract entitled "Resale Rates" which prohibits "discriminatory rate[s], rebate[s], or other special concession[s]" from being "directly or indirectly" provided to any consumer. In doing so, that subsection implements the nondiscrimination mandate in section 12 of the TVA Act.

TVA, of course, recognizes the importance of the concerns that underlie the disconnection rights included by the Mississippi Public Service Commission in its Ratepayer's Bill of Rights. Similar concerns were addressed by TVA when it adopted Standard 4 and by ACE when it adopted a disconnection policy consistent with and required by that TVA Standard 4. As noted by the TVA Board when Standard 4 was adopted, termination of electricity for any reason "is considered a matter of serious concern by TVA, distributors, and customers." 44 Fed. Reg. at 55682.

Finally, as it has been some time since the Service Practice Standards were originally considered and adopted by the TVA Board, TVA is in the process of reviewing them for possible revision. TVA currently anticipates revising Standard 4 to, among other things, implement additional requirements regarding termination of service affecting persons with serious medical conditions. As any such revisions are considered and implemented by the TVA Board, my staff and I will look forward to working

EXHIBIT 1

Mr. James Nanney

Page 2

May 10, 2012

with ACE on any updates to its existing disconnection policy that might be needed to comply with any additional TVA regulatory requirements.

In the meantime, if you have any questions about TVA regulatory requirements with respect to disconnections of service or any other matters, please do not hesitate to call me at (615) 232-6865.

Sincerely,

A handwritten signature in cursive script, appearing to read "Cynthia L. Herron".

Cynthia L. Herron
Director
Retail Regulatory Affairs